

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | ROBERT B. MCCARTHY | JENNIFER F. SULLIVAN

MEMORANDUM

TO: Stoneham Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: January 4, 2017

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.875% to 7.75%.

The prior funding schedule assumed payments would be made on August 1 each year. The Board is considering whether to change the assumed payment date to July 1 going forward. The adopted schedule shows the payments assuming both a July 1 payment date as well as an August 1 payment date. Our FY18 appropriation letter will show both figures as well.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

JEC/jrl

P:\actuarial\APPROP\Approp17\stoneham approval.docx

Enc.



STONEHAM CONTRIBUTORY RETIREMENT SYSTEM

FUNDING SCHEDULE

Fiscal Year	Normal Cost	Unfunded Liability*	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution**	Adjusted Payments	% Change
2018	1,059,267	31,125,260	4,973,702	66,595	6,099,564	6,137,624	7.85%
2019	1,106,934	28,178,303	5,404,851	66,595	6,578,380	6,619,427	7.85%
2020	1,156,746	24,593,676	5,871,442	66,595	7,094,783	7,139,052	7.85%
2021	1,208,800	20,173,208	6,376,329	66,595	7,651,723	7,699,468	7.85%
2022	1,263,196	17,036,316	6,922,593	66,595	8,252,384	8,303,876	7.85%
2023	1,320,039	10,897,537	7,513,561	66,595	8,900,196	8,955,730	7.85%
2024	1,379,441	3,646,234	3,646,234	66,595	5,092,270	5,124,044	-42.78%
2025	1,441,516	-	-	66,595	1,508,111	1,517,521	-70.38%

Amortization of Unfunded Liability as of July 1, 2017

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2003	2002 ERI	73,542	3.50%	18	133,694	3
2018	Fresh Start	N/A	N/A	7	N/A	7

Notes on Amortization of Unfunded Liability

Year is the year the amortization base was established. Type is the reason for the creation of the base. Original Amortization Amount is the annual amortization amount when the base was established. Percentage Increasing is the percentage that the Original Amortization Amount increases per year. Original # of Years is the number of years over which the base is being amortized. Current Amortization Amount is the amortization payment amount for this year. Years Remaining is the number of years left to amortize the base.

* Includes recognition of the following asset gains/(losses) in Fiscal 2020 and 2022:

2020	\$ (55,281)
2022	\$ (2,170,179)

** Contribution is set to be the amount resulting from a 7.85% increase on the prior year's contribution, with 7.85% increases thereafter. The contribution in FY2024 decreases by -42.78%.